

CIA Said To Misuse Aid To Lao Civilians

Senate Panel Reports \$25 Million In Supplies For Refugees Given To Private Armies

By GENE OISHI

Washington Bureau of The Sun

Washington, Feb. 6--A Senate subcommittee reported today that nearly half of the materials provided for programs to aid refugees and civilian casualties in Laos are being siphoned off by the Central Intelligence Agency for paramilitary operations.

Senator Edward M. Kennedy (D., Mass.), the subcommittee's chairman, said the disclosure was based on two classified reports prepared by the General Accounting Office, the investigative agency for Congress.

"Sanitized Summary"

While these reports themselves cannot be made public, he said, they confirm findings made independently by the subcommittee's staff. What was released today was described as a "heavily sanitized summary" of the two classified reports.

During the last four years, according to the summary, the United States Agency for International Development has spent about \$54.8 million on refugee programs in Laos.

But according to the General Accounting Office studies, Senator Kennedy said, about 46 per cent, or more than \$25 million worth of the materials provided—such as food, clothing and medicine—have gone to CIA-sponsored guerrilla armies, composed mainly of Meo and Lao Teung tribesmen.

Asked why the CIA could not give direct aid to the anti-Communist guerrilla armies instead

of using AID resources, Senator Kennedy said he surmised that it was to avoid an open violation of the 1962 Geneva accords, which bans U.S. military involvement in Laos.

He was, however, critical of the "cynicism" with which the administration comes to Congress to ask for funds to aid refugees and other war victims, knowing that half of it would be used for the war effort.

Harold Levin, chief of the Laos desk at AID headquarters here, confirmed that a substantial portion of AID resources in Laos goes to paramilitary forces and their dependents.

Not To Discriminate

He said this program was administered by AID officials, but declined to discuss the extent of CIA involvement. The policy of AID, he said, is not to discriminate against those who need help because they have been engaged in fighting or may again be engaged in fighting.

Mr. Levin also acknowledged that aid is given to forces actively engaged in fighting, but noted that many of these irregular troops have dependents who have been driven from their homes and can be considered as refugees.

Mr. Levin, however, said he could not confirm the estimate that nearly 50 per cent of the AID resources went to paramilitary forces and their dependents, without a detailed study of

the accounting office reports. His own guess, he said, would be about 30 per cent.

No Fault With Estimate

He found no fault with the subcommittee's estimate that of the total refugee caseload of 280,000, about 45 per cent, or more than 100,000 persons, are in the paramilitary forces or their dependents category. But he said this percentage has fluctuated widely over the years.

Without giving his own views on the subject, Mr. Levin said there has been continuing discussion among various agencies as to who should bear the cost of the various aspects of U.S. activities in Laos.

Senator Kennedy said he was of the view that funds appropriated by Congress to further humanitarian objectives ought not to be used to support military activities.

Might Be Misleading

The subcommittee's staff also notes that budgetary descriptions do not suggest any military implications, and thus might be misleading.

The categories of costs include "refugee relief and resettlement," "air technical support," "public health development," and "PL-480 commodities," more commonly known as the "Food for Peace" program.

The "air technical support" is actually AID's contribution to Air America, a CIA-sponsored organization used in Laos to make deliveries of ammunition, weapons, food and relief supplies to guerrilla forces and refugees.

Too Small

Senator Kennedy also said that even without the diversion of relief materials to military activities, the U.S. aid programs would be too small to cope with the mounting number of war casualties and refugees.

As of last fall, he said, refugees in Laos numbered around 280,000, but "this is going to escalate dramatically due to the activities of the last few days."

Civilian war casualties over the last two years, he said, totaled 30,000, including an estimated 9,000 deaths.

The accounting office, according to the subcommittee's summary, found that the death rate at several refugee centers ex-

ceeded AID standards by as much as 250 per cent. AID, it was noted, established a maximum mortality level for refugees, and if the level is exceeded, remedial measures are supposed to be taken.

Accounting Office

But until the accounting office made inquiries, the summary said, the U.S. mission in Vientiane was not aware of the high death rates in the refugee centers.

The actual death rate among refugees in Laos, however, was not disclosed. The subcommittee's staff said this information was classified by the U.S. mission in Vientiane.

The accounting office's report also was critical of what it termed shabby management of AID programs and overcrowded and unsanitary conditions at AID-sponsored hospitals in Laos, the subcommittee said.

Kennedy Says Laos Aid Goes to CIA's Forces

Exclusive to The Times from the Washington Post

WASHINGTON — Sen. Edward M. Kennedy (D-Mass.) charged Saturday that nearly half of all American aid for war refugees in Laos is being supplied to guerrilla forces directed by the Central Intelligence Agency.

Since 1968 the Agency for International Development has allotted \$54.8 million to Laos for refugee relief. These are funds for medical supplies, hospitals, resettlement and other supplies and services. "Until recent times,"

Kennedy said, "the U.S. Aid refugee program was simply a euphemism to cover American assistance to persons who agreed to take up arms against the Pathet Lao."

He said that a "very significant measure of this assistance apparently continues."

AID administrator John A. Hannah publicly admitted in June that when he took office that he was unhappy to find that since

1962, CIA agents were using the civilian agency as a cover for their operations. Hannah said "our preference is to get rid of this operation."

Kennedy said some of the financing has been transferred to the Defense Department in the last two or three years. But Kennedy's Senate Judiciary subcommittee on refugees made public censured versions of General

Accounting Office reports with summaries indicating continued assistance to CIA-directed forces.

The subcommittee report said that although "AID officials generally recognize that economic assistance funds should not be used as a cover to finance military activities, AID has apparently continued to furnish substantial amounts of medical supplies to Lao military, et al."

The report estimated that half of the funds going to the AID village health project, which has received \$9.4 million between 1964 and 1970, is being used for this purpose.

An AID spokesman said "AID does not exclude from assistance those who have been or may in future be engaged in fighting against North Vietnamese or Communist Pathet Lao."

THE WASHINGTON POST

DATE 1 Feb 71 PAGE 2

Kennedy: Aid Goes to CIA Forces

Sen. Edward M. Kennedy (D-Mass.) charged yesterday that nearly half of all American aid for war refugees is being supplied to guerrilla forces directed by the Central Intelligence Agency.

Since 1968 the Agency for International Development has allotted \$54.8 million to Laos for refugee relief. These are funds for medical supplies, hospitals, resettlement and other supplies and services.

"Until recent times," Kennedy said, "the U.S. AID refugee program was simply a euphemism to cover American assistance to persons who agreed to take up arms against the Pathet Lao."

"A very significant measure of this assistance apparently continues," Kennedy said.

AID Administrator John A. Hannah publicly admitted last June that when he took office he was unhappy to find that since 1962 CIA agents were using the civilian agency as a cover for their operations. Hannah said, "Our preference is to get rid of this operation."

Kennedy said some of the financing has been transferred to the Defense Department in the last two or three years. But Kennedy's Senate Judiciary Subcommittee on Refugees made public censored versions of General Accounting Office reports with summaries indicating continued assistance to CIA-directed forces.

The subcommittee report said that while "AID officials generally recognize that economic assistance funds should not be used as a cover to finance military activities, AID has apparently continued to furnish substantial amounts of medical supplies to Lao military, et al." The report estimated that half of the funds currently going to the AID Village Health Project, which has received \$9.4 million between 1964 and 1970, is being used for this purpose.

An AID spokesman said that AID does not exclude from assistance those who have been or may in future be engaged in fighting against North Vietnamese or Communist Pathet Lao. The spokesman said, "A relatively small percentage of refugees are irregular or paramilitary forces who, because they have been displaced and are needy, are therefore as much refugees as other Lao who have not been engaged in the fighting. A larger percentage of the total are dependents of such people."

INTENDED FOR RELEASE 2002/01/02 : CIA-RDP73B00296R000200190007-3

Kennedy Says CIA Got Relief Funds

By JAMES DOYLE

Star Staff Writer

About half the money Congress appropriates for refugee programs in Laos is diverted to Central Intelligence Agency-directed paramilitary operations in that neutral country, Sen. Edward M. Kennedy, D-Mass, charged yesterday.

Kennedy said a General Accounting Office report, most of it classified secret, has confirmed findings of an independent study team he sent to Laos to investigate the refugee program.

The report apparently details for the first time how Agency for International Development funds are used to support Meo and Yao tribesmen who roam through northern Laos and sometimes cross the borders into North Vietnam and China to conduct clandestine operations.

The army's existence and some of its activities have been public knowledge for some time, and AID Director John A. Hannah confirmed in June that CIA agents used the Laos AID mission as a cover in order to operate freely in that country.

Laos was declared neutral by a 1962 Geneva Convention in which the United States and the Soviet Union were parties.

But the GAO report marks the first disclosure by a government agency that U.S. foreign aid money is sometimes diverted to CIA operations.

A heavily censored version of the report was made public yesterday by Kennedy, chairman of the Senate subcommittee on refugee relief, which had requested the GAO investigation.

Calls Findings Supported

The GAO is an independent investigative agency responsible to Congress, not the executive branch. The CIA reportedly tried to stop the GAO inquiry.

The censored report gives no details of the joint operation by AID and CIA. But Kennedy, in releasing it, said portions classified "secret" support independent findings of his staff

investigators, Dale S. DeHaan and Jerry M. Tinker.

Kennedy estimated that in the past four years more than \$27.4 million in food, drugs and other aid has been channeled from refugee programs to "Lao military and paramilitary units and their dependents."

Kennedy said that in the last fiscal year AID had provided \$17 million for Laos refugee assistance. He estimated that half had gone for the CIA's "paramilitary" programs.

The AID Village Health Program has received about \$10 million since 1964. Kennedy

said half of that was used for medical assistance to military units and their dependents.

"AID is aware of it and tolerates it," Kennedy said. "They are not very happy about it, but they continue it." He said he would seek congressional action to stop it.

The Central Intelligence Agency is funded by Congress through a secret process. Senior members of the Armed Services committees and the Defense Appropriations committees hold secret budget hearings with the agency's top men, and then approve funds which are hidden in the appropriations of other programs and other agencies. It is not known whether records of the meetings are kept.

It has always been presumed that CIA money was hidden in the massive defense budget, since that would be the easiest place to mask funds. Books on the CIA have suggested that Congress has always been generous to the agency.

Although the American aid program throughout the world has often been accused by hostile countries of being a CIA cover, AID directors have stoutly denied it and attempted to keep foreign operations above suspicion.

38 Stationed in Laos

The State Department lists 38 AID officials stationed in Laos, an unusually high number for that small country. It has been widely reported that the "rural development section" of the AID mission was almost exclusively a cover operation for intelligence agents there to recruit and train pro-government guerrillas.

AID Director Hannah said last June, "We have had people that have been associated with the CIA and doing things in Laos that were believed to be in the national interest but not routine AID operations."

He said at the time Laos was "the only place in the world where that is true."

Responding to Kennedy's statements, an AID spokesman said "a relatively small percentage of refugees are irregular or paramilitary forces who, because they have been displaced and are needy, are therefore as much refugees as other Lao who have not engaged in fighting."

He said a much larger percentage consists of dependents of those fighting men, who also have been displaced.

But Kennedy took a different view. He said he believes the AID program has been used as the primary source of money for the irregular Lao forces.

The funds are siphoned not just from the refugee pro-

gram, he said, but from public health, agricultural, economic and technical projects, and from the "Food for Peace" program.

The refugee program apparently is actually run by four agencies jointly, The Department of Defense, the Royal Lao government, the CIA and AID.

Cites Special Interest

The CIA apparently has funded parts of the program from its own money, pointing out its special interest in the program.

One of the few western newsmen stationed in Laos, Tammy Arbuckle of the Washington Star, has detailed the operations of what he has called "the American directed secret army" which he reports operates throughout Southeast Asia.

In Laos the secret army has wiped out Communist headquarters and taken over prison camps and rescued inmates, Arbuckle reports.

Its leader is Gen. Vang Pao and its troops are mostly Meo tribesmen, although some Thais also are included.

The Meos have been active roaming the Plain of Jars and intercepting North Vietnamese men and supplies attempting to use the plain for infiltration south, Arbuckle has reported.

Directed by Mann

The director of AID in Laos is Charles Mann, who directed the AID mission in Vietnam until a few years ago. His program there came under fire because of inefficiencies in the Port of Saigon and he was transferred.

Besides heading the Laos program, Mann is said to be heading a de facto AID program in Cambodia.

The GAO report is said to have indicated that AID headquarters in Washington appears to have little or no control over the activities in Laos.

Sources on the Senate refugee subcommittee expressed the fear that similar abuses would develop in Cambodia. The State Department is said to have told the committee that there is at present no refugee problem in Cambodia, despite the war and the heavy bombing in recent weeks.

Kennedy said the cost of the entire Laos AID program is less than the cost of two days of bombing sorties when American B52s are operating at a peak in Laos.

"After they are finished siphoning off money, they spend about as much on the refugees as on one day's bombs," he said.